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ABSTRACT

This chapter of "Principles of School Business Management" reviews the historical development of the school business management process and the role, responsibilities, and training of the administrators assigned to carry out the process. The origins of school management in colonial America and the subsequent growth and increasing complexity of the school management function through the present are noted first. The chapter then explains the role of the school business administrator in terms of his or her place in the administrative organization, the basic principles involved in school business management, the administrator's areas of responsibility, and the required professional preparation and certification. The part played by the Association of School Business Officials in establishing professional standards for school business administrators is noted, and the personal and professional behaviors cited as critical by experts in the field are reviewed. (PGD)

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Introduction to School Business Management

F. Mike Miles

The importance of planning for the management of school systems was recognized in colonial statutes. The original colonies required that a committee of freemen establish revenue, collection and expenditure procedures. The statutes called for a clerk or treasurer to be the fiscal manager, and no provision for compensation was provided. According to Chapter 26 of the Province Law of the Bay Colony, 1692-3, an educational system with its various managerial components was to be established. The chapter stated:

> That the inhabitants of each town within this province, shall take due care, from time to time, to be constantly provided of an able, learned orthodox minister, or ministers, (or school masters) shall be suitably encouraged and sufficiently supported and maintained by the inhabitants of such town. And all contracts, agreements and order heretofore made, or that shall hereafter be made by the inhabitants of any town within this province, respecting their ministers or school masters, as to their settlement or maintenance, shall remain good and valid according to the true intent hereof, the whole time for which they were or shall be made, in all the particulars thereof; and shall accordingly be pursued, put in execution and fulfilled. And where there is no contract and agreement made in any town respecting the support and maintenance of the ministry (or school), or when the same happens to be expired, and the inhabitants of such town shall neglect to make suitable provision therein, upon complaint thereof made unto the quarter sessions of the peace for the county where such town lies, the said court of quarter sessions shall and hereby are empowered to order a competent allowance unto such minister (or master) according to the estate and ability of the town; the same to be assessed upon the inhabitants by warrant from the court, directed to the selectmen, who are thereupon to proceed to make and proportion such assessment in manner as is directed for other public charges, and to cause the same to be levied by the constables of such town, by warrant under the hands of the selectmen, or of the town clerk by their order.[1]

The act further stated that if the town failed to provide for the school, the court was then empowered to establish one and to order levies to support the school. Fiscal responsibilities would be removed from the treasurer and assumed by a court-appointed agent.

As schools grew in size and in responsibility, the unpaid clerk's time was severely overextended. However, 150 years passed before the first full-time school business administrator was employed by a public school system. The city council

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of Cleveland, Ohio, hired an "acting manager" in 1841 to keep the books, prepare the payroll and care for the school building.[1] Cleveland added "superintendent" to its administrative staff in 1853.

As local school districts began to flourish, state legislatures enacted laws requiring that school districts designate a chief school fiscal officer. State departments of education have followed with certification requirements. Today, the position of school business manager has become an accepted administrative position in the great majority of school districts. Job titles for the manager range from Administrative Assistant to Superintendent for Business Services.

The Growth of a Profession

The first business manager was employed to "keep the books and care for the building."[1] This pattern continued; as school boards expressed their interest in hiring administrators prepared in bookkeeping and business functions rather than education. Early business managers were not expected to participate in educational decision making, and educators were to leave the business aspects of the district to the manager. The growth of districts and the acceptance of the management team idea have greatly changed the concept and expectations of school business officials' duties and title.

Several factors have been in the forefront of the changing concept of school business management. The most significant of these concepts developed from societal and governmental change.

The Decline of Rural Population

Movement from the farms to the cities resulted in an increase in school business administrators. Generally, rural and small school districts did not employ school business administrators. The decline of the family farm led to the school district consolidation movement resulting in the merger of small schools. Districts of larger geographical size with more complex educational programs, transportation needs and administrative reorganization opened rural schools to the position of school business administrator.

The Diversity of Funding and Accountability

Historically, schools were supported through local taxation. State governments regulated programs, length of the school year, attendance and in a few instances taxation limits. However, little attention was given to local district fiscal management practices.

This lack of supervision changed in the mid-1960s when the federal government began a massive infusion of capital and accompanying regulations. The state governments in the 1970s, following California's lead, began a series of cost-cutting measures through revenue reduction legislation. More complex accounting systems to track revenues and expenditures from categorical grants, block grants, rental property, leasing contracts, inter-governmental agreements, self insurance and so on were adopted by the districts. The issuance of *Federal Handbook II* accounting procedures caused concern among school administrators and hastened the employment of a school business administrator in many small districts.

Increasing Expenditures

The 1970s produced a 23-billion-dollar growth in educational expenditures despite a declining enrollment for the corresponding period. It is suggested that per-pupil costs will continue to rise with the "search for excellence" and with the increased competition to increase teacher salaries and extend the school year. The long-postponed renovation of buildings cannot be postponed indefinitely, and new buildings are being constructed in the high-growth sunbelt states.

Districts are forced to seek alternative funding to maintain programs and facilities. Refinancing revenue bonds and lease/purchase agreements are complex methods of extending limited resources. Innovative fund-raising techniques, long employed by private schools, are being adopted by public school districts.

The Role of the School Business Administrator

Administrative Organization

The role of the school business administrator is determined by the organizational pattern of the district. General classifications are dual control and unit control. In districts that have adopted a dual-control administrative organizational pattern, the school business administrator reports directly to the school board and is not responsible to the superintendent. The theory behind this plan is that the superintendent is responsible for educational matters and the business administrator is responsible for business matters. This type of administrative organization provides for the educational and business functions of a district to be brought together at the board level for decision making.

Unit control places the superintendent of schools at the head of the administrative structure. All administrators report to the superintendent, and the superintendent reports to the school board. Although the superintendent is the head of the organization, this structure does not rule out diversified decision making. The school business administrator is a member of the administrative cabinet. All members are advisers to the superintendent and are often called on to represent the superintendent in their areas of expertise. The business administrator's operations are affected by every educational decision, and business decisions affect the educational operation. It is imperative that a team concept be maintained by the members of the cabinet.

As the operation of the schools becomes more complex, the need for specialization within the area of school business administration becomes more critical. The school business administrator becomes the cabinet representative for the areas of accounting, finance, transportation, food service, data processing, purchasing, maintenance and so on. A general administrative knowledge of all the preceding areas is imperative.

Basic Principles

Frederick Hill (and many other authors) has discussed a number of basic principles that serve as guidelines to school business administration.[4] These principles include:

1. School business administration operates as a service area to the administrative organization. Its purpose is to support and enhance the educational programs of the school district.
2. The administrative organization for effective operation of the district should consist of the unit control plan with one chief administrator reporting to the board of education. The school business administrator should be a highly trained member of the superintendent's cabinet qualified to act on the superintendent's behalf.
3. Greater attention should be given to the preparation and in-service components of the school business administrator's education as the operation of schools becomes more complex.
4. Sound business practices must be observed in all school business activities. The articulation of these practices to cabinet members and the public is the responsibility of the school business administrator.
5. Ethical codes of conduct should be observed at all times. No appearance of impropriety can be tolerated. Schuyler Joyner, past president of the Association of School Business Officials International (ASBO) placed ethical conduct in clear perspective when he said, "If you wouldn't want to see it on the front page of your local paper don't do it."[5]

Areas of Responsibility

No uniform pattern of responsibilities exists for the school business administrator. Various texts list similar responsibilities but do not agree on a common list. Regardless of the responsibilities, personal leadership is required if responsibility is to be carried out. Flowers[6] defines leadership as:

- Personality in ACTION
- Incisive JUDGMENT in all situations
- Genuine ENTHUSIASM for work and for people
- Contagious VITALITY which encourages followers.

As a member of the superintendent's cabinet the school business administrator is responsible for providing leadership and support for the district's programs. McGuffey found seven basic functions of management that were rated as important by school business administrators.[7] Tasks of the school business operation fell under these general responsibilities. McGuffey concluded that a successful school business administrator must possess or develop management skills in these general areas of responsibility:

Planning. Planning is the process of looking ahead and preparing for the future by identifying resources and needs and developing a master plan to follow. The recent rise in public interest in the educational process has raised questions concerning resource allocation, and the value of current practices. The school business administrator has been given the responsibility of providing the data base for resource allocation and unit costs. This greatly expanded role has forced the academic and business operations to cooperatively develop projections of educational needs. At a time when the role of the school business administrator is becoming more technical the need to expand and become more of a generalist is also present.

Organizing. A manager must create and maintain all the conditions and relationships necessary for the business office to function efficiently. The organizational structure should assure that appropriate procedures for accomplishing the work are established and remain in place. Requirements of manpower, materials, finances and other resources must be determined and assigned at the needed time. Lines of authority and a clear communication process must be understood by all agencies and levels.

Staffing. The staffing responsibility is much broader than the title implies. It assumes the ability to correctly and clearly state job requirements in an advertisement, and screen, employ and provide the job introduction to the personnel needed to achieve the organization's goals. Staffing also involves staff development programs to encourage staff to develop professionally and advance in the organization. This process requires an evaluation procedure and a reward and remedial system.

Directing. Direction is related to control, but is different from it. Direction involves guidance and leadership. Individuals must be motivated to achieve the organization's objectives. A feeling of "ownership" for the organization must be established within the personnel. The function of directing includes the components of communication, morale, job satisfaction, productivity and loyalty.

Controlling. Once goals have been established, all action is regulated in relation to the goals. "Checks" are established to measure accomplishments and actual results are compared with the criteria and needed corrections are made. This function is based on the manager's ability to foresee potential conflicts and correct course before the conflict arises. Trouble spots are avoided or tackled in such a way to assure project success.

Decision making. The decision-making process involves three steps: identification of the problem, review of alternative solution and the choice of the appropriate solution. Decision making is the initial element in the administrative process. Decisions, as a general rule, should be made as close as possible to the point of implementation. If the manager is to delegate this authority it must be understood that the power will fall on personnel who have the clinical analysis skills and technical knowledge of the problem to be solved. Decision making should be a deliberate process that examines all possible solutions and their consequences before the choice is made.

Evaluating. Evaluation is the process by which an organization's activities are measured to determine their contribution to the achievement of basic goals. Evaluation is a continuous process that provides for examination of ongoing activities. Decisions providing for the alteration of the program are often possible on an in-progress basis. The ultimate challenge in evaluating educational programs is to translate goals into operational terms that can be evaluated to establish future needs in the areas of staff and budget.

The school business administrator is expected to manage operations of the office within the areas of responsibility. Delegation of authority is required if the day-to-day tasks are to be accomplished.

Professional Preparation and Certification

The debate concerning the preparation of the school business administrator has

gone on since the first school business administrator was employed. Whether a business background is preferable to an educational background may never be settled. It is generally agreed that the school business administrator needs an understanding of both areas if he or she is to function as a contributing member of the superintendent's cabinet. The business administrator must possess the financial and business management skills needed by any manager in the private sector. In addition, the business administrator must perceive and understand the probable effects of business application and functions on the educational programs of the schools.

Several states, Arizona being the most recent, have adopted certification requirements for the school business administrator. The Arizona requirements include the possession of a B.A. certificate (in any area) and the presentation of competency mastery in selected areas. Any preparation program should provide for the entry into the area of school business administration by educators or business administration graduates.

The Association of School Business Officials (ASBO) University Contacts Committee sponsored research by C.W. McGuffey to determine the relative importance of skills needed by the school business administrator. The skills (task clusters) were ranked by practicing school business administrators. Of the 28 skills, only warehousing and school supplies management were ranked as of low importance. Any preparation program must certainly include these task clusters in addition to addressing the seven areas of responsibility discussed earlier.

McGuffey's task clusters follow in order of importance.

HIGH IMPORTANCE

1) Financial Planning and Budgeting
2) Fiscal Accounting and Financial Reporting
3) Cash Management
4) Fiscal Audits and Reports
5) General Management
6) Payroll Management
7) Purchasing

AVERAGE IMPORTANCE

8) School Insurance and Risk Management
9) Debt Service and Capital Fund Management
10) Legal Control
11) Office Management
12) Educational Resources Management
13) School Activity and Student Body Funds
14) Personnel Management
15) School Plant Maintenance
16) School Property Management
17) School Plant Operations
18) School Community Relations
19) Collective Negotiations
20) Plant Security and Property Protection

21) Data Processing
22) School Transportation Services
23) School Construction Management
24) School Food Services
25) Staff Development
26) Grantsmanship
27) Educational Facilities Planning[7]

Preparation programs will be severely taxed to provide the needed skills. In-service, on-the-job training will be utilized in most districts.

School business administrator certification was required or permissive in 18 states or provinces according to a study published by the ASBO Professional Development Research Committee in 1980.[8] The Professional Development Research Committee recommends that certification of the school business administrator be adopted in all states. It further recommends that provisions include professional certification standards recognizing the business background as well as educational background.

In addition to professional preparation, the following personal characteristics have been adapted from Frederick Hill's *School Business Administrator.*

The School Business Administrator Should Possess Plenty Of Directed Drive. The true leader has more drive than his or her peers. The school business administrator has more energy, more staying power, more confidence.

The School Business Administrator Should Like People And Show It. A good administrator really likes people. A sincere liking for people as unique personalities, coupled with a bright faith in the future make a winning combination.

The School Business Administrator Should Be Able To Get Along Well With Others. Without this characteristic, hard sledding will interfere with his or her achievements and the achievements of the group of which the school business administrator is the leader.

The School Business Administrator Should Be A Good Listener. One of the best instruments of the administrator is a pair of good ears.

The School Business Administrator Should Be A Person Of Integrity. Honesty, sincerity and truthfulness still win respect and instill like traits in others.

The School Business Administrator Should Be Fair In His Or Her Dealings With All. The administrative menu offers a steady diet of "hot potatoes." The good administrator doesn't pass the buck but accepts the blame and builds a reputation for fairness and deserves it.

The School Business Administrator Should Establish A Good Work Climate. The true leader will be patient, be firm, have a sense of humor—and the staff will produce results. By laying a foundation of trust, sincerity and mutual respect, a business manager can lay to rest many nameless anxieties of the staff.

The School Business Administrator Should Be A Self-Starter. A leader sets the pace for new ideas and picks up the ball and runs.

The School Business Administrator Should Possess A High Threshold Of Annoyance And A Sense Of Values. The wise one rarely "blows off steam." He or she is no victim of his or her emotions. The school business administrator is bigger than the problem that confronts him. The school business administrator's perspective prevents him or her from taking himself too seriously, and gives each inner resources in areas of stress.

The School Business Administrator Should Develop High Articulation And Writing Skills And Watch His Or Her Language. The ability to draw persuasive "word

pictures" will help others to see and to accept group objectives. His or her language should be above reproach, and he or she should carefully avoid needless offense to anyone.

The School Business Administrator Should Possess The Ability To Make Problems Of Others His Or Her Own. The staff will come to the school business administrator if they receive help when they ask for it. The willingness to accept the problems of others and to share in the solution is an evidence of leadership.

The School Business Administrator Should Be Able To Accept Criticism. He or she need to guard against creating a "yes" man attitude on the part of his or her associates. A good administator knows how to take criticism and how to use it constructively.

The School Business Administrator Should Be Able To Render Decisions. Frequently, more grief among staff members is created by no decision than by a poor one.

The School Business Administrator Should Be Willing To Bask In Reflected Glory. The real business manager sees him or herself as a member of a team rather than the star player. The good leader sees that good work is recognized and proper credit given to all who have shared in it.[10]

Personal Attitudes and Values

The emphasis on the importance of relationships with people suggests that attention must be given to the kind of person the school business administrator is expected to be and must be. Certain criteria for good administrators have been further suggested by Frederick Hill:

1) (He or she) is first of all a good person.
2) (He or she) wants to be part of a strong team rather than a strong person standing alone. He or she selects able and creative persons as co-workers, cooperates with them in a give-and-take relationship, and desires the efficiency and broad viewpoint that is possible when several first-rate minds are analyzing a situation.
3) (He or she) has respect for all those with whom he or she deals. He or she respects them, first, because he or she believes in the fundamental dignity and worth of every human being, and second, because he or she believes that a person should be treated with consideration, not only for what he or she is, but for what he or she might become.
4) (He or she) selects qualified assistants and delegates as much routine to them as possible.
5) (He or she) is compassionate.
6) (He or she) never forgets that his or her power is delegated to him or her by others, and that it is for them to exercise only so long as he or she makes use of it in the spirit and for the purposes behind its bestowal in his or her hands. One's authority is . . . limited on every hand by the objectives one is seeking and the interests and desires of those who are affected by the actions.[11]

When is a School Business Administrator Needed?

No set formula concerning school expenditures, number of employees, enrollment or average daily attendance is used to determine when a school business

administrator is needed. The need for such a position depends on several factors relating tasks to be performed to the number and skills of staff currently employed.

Factors that should be seriously considered before the final decision is reached include:

Growth rate of the school district. Is the district stable, or is it undergoing a period of acceleration or shifts in enrollment?

Extent of local programs and services. Are such services as transportation programs and school lunches provided for students on a broad or limited basis, and to what degree does the school district participate in pre-school and adult or post-high-school programs?

Pattern of organization for the school district. Does the school district have several buildings on scattered sites, or are all facilities located close to each other, thereby reducing logistical problems?

Condition of existing facilities. Are maintenance problems and new facility needs minimal or will these require considerable attention by central office administrators?

Interests and qualifications of other central office staff members. Does the school district employ sufficient central office staff members so that the superintendent can assume responsibility for school business affairs and have assurances that adequate leadership attention will be given to the developement of other facets of the total school program?

Role of non-professional staff members. Does the school district have experienced non-professional staff members who require minimum supervision as they assume responsibility for certain phases of the school business operation?

Magnitude and scope of the total school program. To what extent does the school district provide community educational and recreational services and participate in vocational programs?

Whenever the demands of the business area grow to such a magnitude that it taxes the present staff, a business assistant or an administrative assistant in charge of business should be hired. Frederick Hill recommends that an assistant be employed when the average daily attendance reaches 1,000 and that a full-time school business administrator be hired when the enrollment is between 1,500 and 2,000 pupils.[12]

Code of Ethics

Ethical behavior is a facet of all professions. In accepting membership in the school business administrator's organization (ASBO), the school business administrator accepts the Code of Ethics established by the organization. An individual accepts the obligation to exhibit high standards of personal and professional conduct.

Summary

The school business administrator has become an important part of the superintendent's cabinet. It is generally accepted that a school business administrator can contribute to the team concept in greater magnitude if he or she has a strong back-

ground in business applications as well as an understanding of the educational organization.

Notes

1. Massachusetts, *The Acts and Resolves*, Public and Private, of the Province of the Massachusetts Bay, Vol. I (Boston: Wright and Potter, Printers of the State, 1869), 62.

2. F.W. Hill, *The School Business Administrator* (Reston, VA: Association of School Business Officials, 1960), 10.

3. Ibid.

4. F.W. Hill, *The School Business Administrator*, 3rd ed. (Reston, VA: Association of School Business Officials, 1982).

5. S. Joyner, "The School Business Administrator," paper presented at the School Finance Workshop, Flagstaff, Arizona, 1971.

6. A.W. Flowers, "The Role of the School Business Official in the Management Team," paper presented at the School Finance Workshop, Flagstaff, Arizona, 1971.

7. C.W. McGuffey, "Competencies Needed by the Chief School Business Official," Association of School Business Officials, University Contacts Committee manuscript, 1978.

8. McGuffey, *A Handbook on Professional Certification of School Business Officials*, (Reston, VA: Association of School Business Officials, 1980).

9. Hill, *The School Business Administrator*, 1960.

10. Ibid.

11. Hill, *The School Business Administrator*, 3rd ed., 51-52.

12. Hill, *The School Business Administrator*.